

Senate Study Bill 3250

SENATE FILE _____
BY (PROPOSED COMMITTEE ON
WAYS AND MEANS BILL BY
CO=CHAIRPERSON ZIEMAN)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to property taxation and local budgets by
2 modifying the school foundation formula and making related
3 property tax credit changes, abolishing county compensation
4 boards, changing the number of signatures necessary to protest
5 an adopted county budget, adding information to be included on
6 county and city budgets, exempting school foundation property
7 taxes from incremental taxes collected by certain urban
8 renewal areas, eliminating the assessment limitation for
9 residential and agricultural property, limiting taxable value
10 of residential property, establishing an implementation task
11 force, and including effective and retroactive and other
12 applicability date provisions.
13 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
14 TLSB 6585SK 81
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1 1 Section 1. Section 257.1, subsection 2, unnumbered
2 paragraph 2, Code 2005, is amended to read as follows:
3 For the budget year commencing July 1, ~~1999~~ 2006, and for
4 each succeeding budget year the regular program foundation
5 base per pupil is ~~eighty-seven and five-tenths~~ one hundred
6 percent of the regular program state cost per pupil. For the
7 budget year commencing July 1, ~~1991~~ 2006, and for each
8 succeeding budget year the special education support services
9 foundation base is ~~seventy-nine~~ one hundred percent of the
10 special education support services state cost per pupil. The
11 combined foundation base is the sum of the regular program
12 foundation base and the special education support services
13 foundation base.
14 Sec. 2. Section 257.3, subsection 1, unnumbered paragraph
15 1, Code 2005, is amended to read as follows:
16 Except as provided in subsections 1A, 2, and 3, a school
17 district shall cause to be levied each year, for the school
18 general fund, a foundation property tax equal to ~~five~~ eight
19 dollars and ~~forty~~ eighty-six cents per thousand dollars of
20 assessed valuation on all taxable property in the district.
21 The county auditor shall spread the foundation levy over all
22 taxable property in the district.
23 Sec. 3. Section 257.3, Code 2005, is amended by adding the
24 following new subsection:
25 NEW SUBSECTION. 1A. For the school budget year beginning
26 July 1, 2006, and succeeding budget years, there shall be a
27 credit on all taxable property of ten cents per thousand
28 dollars of assessed valuation applicable against the
29 foundation property tax levy rate specified in subsection 1 or
30 2, as applicable.
31 Sec. 4. Section 257.3, subsection 2, paragraphs a and b,
32 Code 2005, are amended to read as follows:
33 a. Notwithstanding subsection 1, a reorganized school
34 district shall cause a reduced foundation property tax ~~of four~~
35 ~~dollars and forty cents per thousand dollars of assessed~~
36 ~~valuation~~ to be levied on all taxable property which, in the
2 year preceding a reorganization, was within a school district
2 affected by the reorganization as defined in section 275.1, or
2 in the year preceding a dissolution was a part of a school
2 district that dissolved if the dissolution proposal has been
2 approved by the director of the department of education

2 7 pursuant to section 275.55. The amount of the reduction shall
2 8 be determined by the department of management in an amount
2 9 corresponding to one dollar per thousand dollars of assessed
2 10 valuation for the initial budget year in which the
2 11 reorganization or dissolution takes place, fifty cents per
2 12 thousand dollars of assessed valuation for the first
2 13 succeeding year, and twenty-five cents per thousand dollars of
2 14 assessed valuation for the second succeeding year. Beginning
2 15 in the third succeeding year, the foundation property tax
2 16 shall be levied at the rate otherwise applicable had the
2 17 reorganization or dissolution not taken place.

2 18 b. ~~In succeeding school years, the foundation property tax~~
2 19 ~~levy on that portion shall be increased to the rate of four~~
2 20 ~~dollars and ninety cents per thousand dollars of assessed~~
2 21 ~~valuation the first succeeding year, five dollars and fifteen~~
2 22 ~~cents per thousand dollars of assessed valuation the second~~
2 23 ~~succeeding year, and five dollars and forty cents per thousand~~
2 24 ~~dollars of assessed valuation the third succeeding year and~~
2 25 ~~each year thereafter.~~

2 26 Sec. 5. Section 257.16, subsection 1, Code 2005, is
2 27 amended to read as follows:

2 28 1. There is appropriated each year from the general fund
2 29 of the state an amount necessary to pay the foundation aid,
2 30 supplementary aid under subsection 5 of this section, and

2 31 supplementary aid under section 257.4, subsection 2.

2 32 Sec. 6. Section 257.16, Code 2005, is amended by adding
2 33 the following new subsection:

2 34 NEW SUBSECTION. 5. a. For the school budget year
2 35 beginning July 1, 2006, the department of management shall
3 1 calculate for each district the difference between the sum of
3 2 the revenues generated by the foundation property tax and the
3 3 additional property tax in the district calculated at the
3 4 rates applicable for the budget year beginning July 1, 2006,
3 5 and the revenues that would have been generated by the
3 6 foundation property tax and the additional property tax in
3 7 that district at the rates applicable for the budget year
3 8 beginning July 1, 2005. If the property tax revenues for a
3 9 district calculated at the rates applicable for the budget
3 10 year beginning July 1, 2006, exceed the property tax revenues
3 11 for that district which would have been generated calculated
3 12 at the rates applicable for the budget year beginning July 1,
3 13 2005, the department of management shall reduce the revenues
3 14 raised by the foundation property tax and the additional
3 15 property tax levy in that district by that difference and the
3 16 department of education shall pay property tax adjustment aid
3 17 to the district equal to that difference from moneys
3 18 appropriated for property tax adjustment aid.

3 19 b. For the budget year beginning July 1, 2007, and
3 20 succeeding budget years, the department of education shall pay
3 21 property tax adjustment aid to a school district equal to the
3 22 amount paid to the district for the base year. The department
3 23 of management shall adjust the rate of the foundation property
3 24 tax and the additional property tax accordingly and notify the
3 25 department of education of the amount of aid to be paid to
3 26 each district from moneys appropriated for property tax
3 27 adjustment aid.

3 28 c. Property tax adjustment aid shall be paid to school
3 29 districts in the manner provided in this section.

3 30 d. For purposes of this subsection, "the rates applicable"
3 31 means the rates specified in section 257.3, subsection 1 or 2,
3 32 and section 257.4.

3 33 Sec. 7. Section 331.212, subsection 2, Code 2005, is
3 34 amended by adding the following new paragraph:

3 35 NEW PARAGRAPH. i. Setting the compensation schedule of
4 1 the elected county officers.

4 2 Sec. 8. Section 331.321, subsection 1, paragraph 1, Code
4 3 2005, is amended by striking the paragraph.

4 4 Sec. 9. Section 331.322, subsection 6, Code 2005, is
4 5 amended to read as follows:

4 6 6. ~~Review~~ Annually review and prepare the final
4 7 compensation schedule of the county compensation board and
4 8 determine the final compensation schedule in accordance with
4 9 section 331.907.

4 10 Sec. 10. Section 331.322, subsection 7, Code 2005, is
4 11 amended by striking the subsection.

4 12 Sec. 11. Section 331.323, subsection 1, unnumbered
4 13 paragraph 5, Code 2005, is amended to read as follows:

4 14 When If the duties of an officer or employee are assigned
4 15 to one or more elected officers, the board shall set ~~the an~~
4 16 initial salary for each elected officer. ~~Thereafter, the~~
4 17 ~~salary and, thereafter, shall be determined~~ determine the

4 18 salary as provided in section 331.907.
4 19 Sec. 12. Section 331.434, Code 2005, is amended by adding
4 20 the following new subsection:
4 21 NEW SUBSECTION. 1A. The budget shall also show all of the
4 22 following:
4 23 a. The change in property valuations from the preceding
4 24 year.
4 25 b. A comparison of the proposed change in revenues and the
4 26 amount to be raised from property taxation from the preceding
4 27 year.
4 28 c. The proposed change in property tax rates from the
4 29 preceding year.
4 30 d. The amount the property tax rate would be if the amount
4 31 to be raised from property taxes in the budget year was equal
4 32 to the amount raised from property taxes the preceding year.
4 33 e. A description of all major changes in revenue and
4 34 expenditures for the proposed budget.
4 35 f. A comparison of the actual taxes levied in the
5 1 preceding year and the amount of taxes to be levied in the
5 2 proposed budget on one representative property from each of
5 3 the classes of agricultural property, commercial property,
5 4 industrial property, and residential property.
5 5 g. The change in total expenditures from the preceding
5 6 year compared with total expenditures under the proposed
5 7 budget.
5 8 The information to be provided by paragraphs "a" through
5 9 "c", and "e" through "g", shall be presented as increases or
5 10 decreases in dollar amounts and percentages. The information
5 11 required in this subsection shall be presented in the detail
5 12 and form prescribed by the director of the department of
5 13 management.
5 14 Sec. 13. Section 331.434, subsections 3 and 6, Code 2005,
5 15 are amended to read as follows:
5 16 3. The board shall set a time and place for a public
5 17 hearing on the budget before the final certification date and
5 18 shall publish notice of the hearing not less than ten nor more
5 19 than twenty days prior to the hearing in the county newspapers
5 20 selected under chapter 349. ~~A summary of the proposed budget,~~
~~5 21 in the form prescribed by the director of the department of~~
~~5 22 management, shall be included in the notice. The notice shall~~
~~5 23 include a summary of the proposed budget which summary shall~~
~~5 24 contain only the information described in subsection 1A, in a~~
~~5 25 form prescribed by the director of the department of~~
~~5 26 management.~~ Proof of publication shall be filed with and
5 27 preserved by the auditor. A levy is not valid unless and
5 28 until the notice is published and filed. The department of
5 29 management shall prescribe the form for the public hearing
5 30 notice for use by counties.
5 31 6. The board shall appropriate, by resolution, the amounts
5 32 deemed necessary for each of the different county officers and
5 33 departments during the ensuing fiscal year. Increases or
5 34 decreases in these appropriations do not require a budget
5 35 amendment, but may be provided by resolution at a regular
6 1 meeting of the board, as long as each class of proposed
6 2 expenditures contained in the certified budget summary
~~6 3 published under subsection 3 of this section~~ is not increased.
6 4 However, decreases in appropriations for a county officer or
6 5 department of more than ten percent or five thousand dollars,
6 6 whichever is greater, shall not be effective unless the board
6 7 sets a time and place for a public hearing on the proposed
6 8 decrease and publishes notice of the hearing not less than ten
6 9 nor more than twenty days prior to the hearing in the county
6 10 newspapers selected under chapter 349.
6 11 Sec. 14. Section 331.436, Code 2005, is amended to read as
6 12 follows:
6 13 331.436 PROTEST.
6 14 Protests to the adopted budget must be made in accordance
6 15 with sections 24.27 through 24.32 as if the county were the
6 16 municipality under those sections ~~except that.~~ However, the
6 17 number of people necessary to file a protest under this
6 18 section in a county with a population of twenty-five thousand
~~6 19 or more shall not be less than one hundred, and the number of~~
~~6 20 people necessary to file a protest under this section in a~~
~~6 21 county with a population of less than twenty-five thousand~~
~~6 22 shall not be less than fifty.~~
6 23 Sec. 15. Section 331.907, subsections 1 and 2, Code
6 24 Supplement 2005, are amended to read as follows:
6 25 1. The annual compensation of the auditor, treasurer,
6 26 recorder, sheriff, county attorney, and supervisors shall be
6 27 determined as provided in this section. The ~~county~~
~~6 28 compensation board of supervisors~~ annually shall review the

6 29 compensation paid to comparable officers in other counties of
6 30 this state, other states, private enterprise, and the federal
6 31 government. In setting the salary of the county sheriff, the
6 32 ~~county compensation board~~ shall consider setting the sheriff's
6 33 salary so that it is comparable to salaries paid to
6 34 professional law enforcement administrators and command
6 35 officers of the state patrol, the division of criminal
7 1 investigation of the department of public safety, and city
7 2 police agencies in this state. The ~~county compensation board~~
7 3 shall prepare a compensation schedule for the elective county
7 4 officers for the succeeding fiscal year. ~~A recommended~~
7 5 Approval of a compensation schedule requires a majority vote
7 6 of the membership of the ~~county compensation board~~.

7 7 2. At the public hearing held on the county budget as
7 8 provided in section 331.434, the ~~county compensation board~~
7 9 shall submit its ~~recommended~~ compensation schedule for the
7 10 next fiscal year to the ~~board of supervisors~~ for inclusion in
7 11 the county budget. ~~The board of supervisors shall review the~~
7 12 ~~recommended compensation schedule for the elected county~~
7 13 ~~officers and determine the final compensation schedule which~~
7 14 ~~shall not exceed the compensation schedule recommended by the~~
7 15 ~~county compensation board. In determining the final~~
7 16 ~~compensation schedule if the board of supervisors wishes to~~
7 17 ~~reduce the amount of the recommended compensation schedule,~~
7 18 ~~the amount of salary increase proposed for each elected county~~
7 19 ~~officer shall be reduced an equal percentage. A copy of the~~
7 20 ~~final compensation schedule shall be filed with the county~~
7 21 ~~budget at the office of the director of the department of~~
7 22 ~~management. The final compensation schedule takes effect on~~
7 23 ~~July 1 following its adoption by the board of supervisors.~~

7 24 Sec. 16. Section 384.4, Code 2005, is amended by adding
7 25 the following new subsection:

7 26 NEW SUBSECTION. 5. Principal and interest on obligations
7 27 issued prior to July 1, 2006, for urban renewal project
7 28 activities under chapter 403, but only to the extent necessary
7 29 to make up any shortfall in the revenues allocated to the
7 30 special fund of the city pursuant to section 403.19,
7 31 subsection 2, which results from the increase in the regular
7 32 program foundation base pursuant to section 1 of this Act.
7 33 Notwithstanding section 384.18, a municipality may, before
7 34 June 1, 2006, amend its budget to provide for certification of
7 35 the portion of the debt service levy allowed under this
8 1 subsection. This subsection is repealed effective January 1,
8 2 2026.

8 3 Sec. 17. Section 384.16, Code Supplement 2005, is amended
8 4 by adding the following new subsection:

8 5 NEW SUBSECTION. 1A. The budget shall also show all of the
8 6 following:

8 7 a. The change in property valuations from the preceding
8 8 year.

8 9 b. A comparison of the proposed change in revenues and the
8 10 amount to be raised from property taxation from the preceding
8 11 year.

8 12 c. The proposed change in property tax rates from the
8 13 preceding year.

8 14 d. The amount the property tax rate would be if the amount
8 15 to be raised from property taxes in the budget year was equal
8 16 to the amount raised from property taxes the preceding year.

8 17 e. A description of all major changes in revenue and
8 18 expenditures for the proposed budget.

8 19 f. A comparison of the actual taxes levied in the
8 20 preceding year and the amount of taxes to be levied in the
8 21 proposed budget on one representative property from each of
8 22 the classes of agricultural property, commercial property,
8 23 industrial property, and residential property.

8 24 g. The change in total expenditures from the preceding
8 25 year compared with total expenditures under the proposed
8 26 budget.

8 27 The information to be provided by paragraphs "a" through
8 28 "c", and "e" through "g", shall be presented as increases or
8 29 decreases in dollar amounts and percentages. The information
8 30 required in this subsection shall be presented in the detail
8 31 and form prescribed by the director of the department of
8 32 management.

8 33 Sec. 18. Section 384.16, subsection 3, Code Supplement
8 34 2005, is amended to read as follows:

8 35 3. The council shall set a time and place for public
9 1 hearing on the budget before the final certification date and
9 2 shall publish notice of the hearing not less than ten nor more
9 3 than twenty days before the hearing in a newspaper published
9 4 at least once weekly and having general circulation in the

9 5 city. However, if the city has a population of two hundred or
9 6 less, publication may be made by posting in three public
9 7 places in the city. ~~A summary of the proposed budget shall be~~
~~9 8 included in the notice. The notice shall include a summary of~~
~~9 9 the proposed budget which summary shall contain only the~~
~~9 10 information described in subsection 1A, in a form prescribed~~
~~9 11 by the director of the department of management. Proof of~~
9 12 publication must be filed with the county auditor. The
9 13 department of management shall prescribe the form for the
9 14 public hearing notice for use by cities.

9 15 Sec. 19. Section 403.19, subsection 2, Code 2005, is
9 16 amended to read as follows:

9 17 2. That portion of the taxes each year in excess of such
9 18 amount shall be allocated to and when collected be paid into a
9 19 special fund of the municipality to pay the principal of and
9 20 interest on loans, moneys advanced to, or indebtedness,
9 21 whether funded, refunded, assumed, or otherwise, including
9 22 bonds issued under the authority of section 403.9, subsection
9 23 1, incurred by the municipality to finance or refinance, in
9 24 whole or in part, an urban renewal project within the area,
9 25 and to provide assistance for low and moderate income family
9 26 housing as provided in section 403.22, ~~except that. However,~~
9 27 taxes for the regular and voter-approved physical plant and
9 28 equipment levy of a school district imposed pursuant to
9 29 section 298.2, ~~and taxes for the payment of bonds and interest~~
9 30 ~~of each taxing district must, and the foundation property tax~~
~~9 31 imposed pursuant to section 257.3, subsection 1, but only as~~
~~9 32 provided in subsection 8 of this section, shall be collected~~
9 33 against all taxable property within the taxing district
9 34 without limitation by the provisions of this subsection.
9 35 ~~However, In addition, all or a portion of the taxes for the~~
10 1 physical plant and equipment levy shall be paid by the school
10 2 district to the municipality if the auditor certifies to the
10 3 school district by July 1 the amount of such levy that is
10 4 necessary to pay the principal and interest on bonds issued by
10 5 the municipality to finance an urban renewal project, which
10 6 bonds were issued before July 1, 2001. ~~Indebtedness incurred~~
~~10 7 to refund bonds issued prior to July 1, 2001, shall not be~~
~~10 8 included in the certification. Such school district shall pay~~
10 9 over the amount certified by November 1 and May 1 of the
10 10 fiscal year following certification to the school district.
10 11 Unless and until the total assessed valuation of the taxable
10 12 property in an urban renewal area exceeds the total assessed
10 13 value of the taxable property in such area as shown by the
10 14 last equalized assessment roll referred to in subsection 1,
10 15 all of the taxes levied and collected upon the taxable
10 16 property in the urban renewal area shall be paid into the
10 17 funds for the respective taxing districts as taxes by or for
10 18 the taxing districts in the same manner as all other property
10 19 taxes. When such loans, advances, indebtedness, and bonds, if
10 20 any, and interest thereon, have been paid, all moneys
10 21 thereafter received from taxes upon the taxable property in
10 22 such urban renewal area shall be paid into the funds for the
10 23 respective taxing districts in the same manner as taxes on all
10 24 other property.

10 25 Sec. 20. Section 403.19, Code 2005, is amended by adding
10 26 the following new subsection:

10 27 NEW SUBSECTION. 8. a. For urban renewal plans adopted on
10 28 or after the effective date of this Act, taxes collected under
10 29 subsection 2 shall not include the foundation property tax
10 30 imposed pursuant to section 257.3, subsection 1.

10 31 b. For urban renewal plans adopted before the effective
10 32 date of this Act, taxes collected under subsection 2 shall
10 33 include the foundation property tax imposed pursuant to
10 34 section 257.3, subsection 1, to the extent necessary to pay
10 35 loans, advances, indebtedness, or bonds issued or incurred on
11 1 or before January 1, 2007.

11 2 Sec. 21. Section 425A.3, subsection 1, Code 2005, is
11 3 amended to read as follows:

11 4 1. The family farm tax credit fund shall be apportioned
11 5 each year in the manner provided in this chapter so as to give
11 6 a credit against the tax on each eligible tract of
11 7 agricultural land within the several school districts of the
11 8 state in which the levy for the general school fund exceeds
11 9 ~~five dollars and forty cents per thousand dollars of assessed~~
~~11 10 value the amount specified in section 257.3, subsection 1, as~~
~~11 11 adjusted by the credit provided in section 257.3, subsection~~
~~11 12 1A.~~ The amount of the credit on each eligible tract of
11 13 agricultural land shall be the amount the tax levied for the
11 14 general school fund exceeds the amount of tax which would be
11 15 levied on each eligible tract of agricultural land were the

11 16 levy for the general school fund ~~five dollars and forty cents~~
11 17 ~~per thousand dollars of assessed value the amount specified in~~
11 18 ~~section 257.3, subsection 1, as adjusted by the credit~~
11 19 ~~provided in section 257.3, subsection 1A, for the previous~~
11 20 year. However, in the case of a deficiency in the family farm
11 21 tax credit fund to pay the credits in full, the credit on each
11 22 eligible tract of agricultural land in the state shall be
11 23 proportionate and applied as provided in this chapter.
11 24 Sec. 22. Section 425A.5, Code 2005, is amended to read as
11 25 follows:
11 26 425A.5 COMPUTATION BY COUNTY AUDITOR.
11 27 The family farm tax credit allowed each year shall be
11 28 computed as follows: On or before April 1, the county auditor
11 29 shall list by school districts all tracts of agricultural land
11 30 which are entitled to credit, the taxable value for the
11 31 previous year, the budget from each school district for the
11 32 previous year, and the tax rate determined for the general
11 33 fund of the school district in the manner prescribed in
11 34 section 444.3 for the previous year, and if the tax rate is in
11 35 excess of ~~five dollars and forty cents per thousand dollars of~~
12 1 ~~assessed value the rate specified in section 257.3, subsection~~
12 2 ~~1, as adjusted by the credit provided in section 257.3,~~
12 3 ~~subsection 1A, the auditor shall multiply the tax levy which~~
12 4 ~~is in excess of five dollars and forty cents per thousand~~
12 5 ~~dollars of assessed value the rate specified in section 257.3,~~
12 6 ~~subsection 1, as adjusted by the credit provided in section~~
12 7 ~~257.3, subsection 1A, by the total taxable value of the~~
12 8 agricultural land entitled to credit in the school district,
12 9 and on or before April 1, certify the total amount of credit
12 10 and the total number of acres entitled to the credit to the
12 11 department of revenue.
12 12 Sec. 23. Section 426.3, Code 2005, is amended to read as
12 13 follows:
12 14 426.3 WHERE CREDIT GIVEN.
12 15 The agricultural land credit fund shall be apportioned each
12 16 year in the manner hereinafter provided so as to give a credit
12 17 against the tax on each tract of agricultural lands within the
12 18 several school districts of the state in which the levy for
12 19 the general school fund exceeds ~~five dollars and forty cents~~
12 20 ~~per thousand dollars of assessed value the amount specified in~~
12 21 ~~section 257.3, subsection 1, as adjusted by the credit~~
12 22 ~~provided in section 257.3, subsection 1A; the amount of such~~
12 23 credit on each tract of such lands shall be the amount the tax
12 24 levied for the general school fund exceeds the amount of tax
12 25 which would be levied on said tract of such lands were the
12 26 levy for the general school fund ~~five dollars and forty cents~~
12 27 ~~per thousand dollars of assessed value for the previous year~~
12 28 ~~the amount specified in section 257.3, subsection 1, as~~
12 29 ~~adjusted by the credit provided in section 257.3, subsection~~
12 30 ~~1A, except in the case of a deficiency in the agricultural~~
12 31 land credit fund to pay said credits in full, in which case
12 32 the credit on each eligible tract of such lands in the state
12 33 shall be proportionate and shall be applied as hereinafter
12 34 provided.
12 35 Sec. 24. Section 426.6, unnumbered paragraph 1, Code 2005,
13 1 is amended to read as follows:
13 2 The agricultural land tax credit allowed each year shall be
13 3 computed as follows: On or before April 1, the county auditor
13 4 shall list by school districts all tracts of agricultural
13 5 lands which are entitled to credit, together with the taxable
13 6 value for the previous year, together with the budget from
13 7 each school district for the previous year, and the tax rate
13 8 determined for the general fund of the district in the manner
13 9 prescribed in section 444.3 for the previous year, and if such
13 10 tax rate is in excess of ~~five dollars and forty cents per~~
13 11 ~~thousand dollars of assessed value the rate specified in~~
13 12 ~~section 257.3, subsection 1, as adjusted by the credit~~
13 13 ~~provided in section 257.3, subsection 1A, the auditor shall~~
13 14 multiply the tax levy which is in excess of ~~five dollars and~~
13 15 ~~forty cents per thousand dollars of assessed value the rate~~
13 16 ~~specified in section 257.3, subsection 1, as adjusted by the~~
13 17 ~~credit provided in section 257.3, subsection 1A, by the total~~
13 18 taxable value of the agricultural lands entitled to credit in
13 19 the district, and on or before April 1, certify the amount to
13 20 the department of revenue.
13 21 Sec. 25. Section 441.21, subsection 4, Code Supplement
13 22 2005, is amended by striking the subsection and inserting in
13 23 lieu thereof the following:
13 24 4. For valuations established for the assessment year
13 25 beginning January 1, 2006, and each year thereafter, the
13 26 percentage of actual value, as equalized by the director of

13 27 revenue as provided in section 441.49, at which residential
13 28 property shall be assessed shall be forty=five and nine
13 29 hundred ninety=six thousandths percent.
13 30 Sec. 26. Section 331.905, Code 2005, is repealed.
13 31 Sec. 27. IMPLEMENTATION TASK FORCE ESTABLISHED.
13 32 1. On or before July 1, 2006, the department of revenue,
13 33 in conjunction with the department of management, shall
13 34 initiate and coordinate the establishment of an implementation
13 35 task force. Both the department of revenue and the department
14 1 of management shall provide staffing assistance to the task
14 2 force.
14 3 2. a. Voting members of the implementation task force
14 4 shall include four members of the general assembly, one each
14 5 appointed by the co=floor leaders of the senate, the speaker
14 6 of the house of representatives, and the minority leader of
14 7 the house of representatives.
14 8 b. Voting members of the implementation task force shall
14 9 also include the following appointed by the director of
14 10 revenue:
14 11 (1) A representative of the Iowa state association of
14 12 counties.
14 13 (2) A representative of the Iowa league of cities.
14 14 (3) A representative of the Iowa association of school
14 15 boards.
14 16 (4) A representative of local assessors.
14 17 (5) A representative of county auditors.
14 18 (6) A representative of an organization representing local
14 19 economic development entities.
14 20 (7) A representative of commercial property taxpayers.
14 21 (8) A representative of industrial property taxpayers.
14 22 (9) A representative of residential property taxpayers.
14 23 (10) A representative of agricultural property taxpayers.
14 24 (11) Other appropriate stakeholders.
14 25 c. Ex officio members of the implementation task force
14 26 shall include the following:
14 27 (1) The director of revenue or the director's designee.
14 28 (2) The director of the department of management or the
14 29 director's designee.
14 30 (3) The director of the department of education or the
14 31 director's designee.
14 32 d. The director of revenue may consider ex officio
14 33 participation on the task force of former state officials with
14 34 expertise in budget and tax policy.
14 35 3. The task force shall study the effects of
15 1 implementation of this Act. The task force shall prepare a
15 2 fiscal analysis detailing the effects of implementation on
15 3 different classes of property and on different property
15 4 taxpayers. The task force shall also prepare a fiscal
15 5 analysis detailing the effects of implementation of this Act
15 6 on local government and state government revenues. Each
15 7 fiscal analysis shall include projections beyond the current
15 8 fiscal year.
15 9 4. The task force shall report to the general assembly by
15 10 January 15, 2007, and by January 15, 2008. The report shall
15 11 include information pertaining to each fiscal analysis
15 12 prepared pursuant to subsection 3. The report shall also
15 13 include recommendations pertaining to implementation of this
15 14 Act.
15 15 Sec. 28. EFFECTIVE DATE. This Act, being deemed of
15 16 immediate importance, takes effect upon enactment.
15 17 Sec. 29. APPLICABILITY DATES.
15 18 1. The sections of this Act increasing the regular program
15 19 foundation base and the special education support services
15 20 foundation base pursuant to section 257.1, increasing and
15 21 crediting the foundation property tax pursuant to section
15 22 257.3, and providing for property tax adjustment aid pursuant
15 23 to section 257.16, apply to school budget years beginning on
15 24 or after July 1, 2006.
15 25 2. The sections of this Act amending provisions relating
15 26 to the family farm tax credit under chapter 425A and the
15 27 agricultural land tax credit under chapter 426 take effect
15 28 January 1, 2008, for taxes due and payable in fiscal years
15 29 beginning on or after July 1, 2008.
15 30 3. The section of this Act amending section 384.4 applies
15 31 to fiscal years beginning on or after July 1, 2006.
15 32 4. The section of this Act amending section 441.21 applies
15 33 retroactively to January 1, 2006, for assessment years
15 34 beginning on or after that date.
15 35 5. The sections of this Act amending sections 331.434 and
16 1 384.16 apply to fiscal years beginning on or after July 1,
16 2 2008.

EXPLANATION

16 3
16 4 This bill makes various changes relating to property
16 5 taxation, the school foundation formula, city and county
16 6 budgets, and urban renewal incremental taxes.
16 7 The bill provides for an increase in the foundation
16 8 property tax imposed under the state school foundation program
16 9 pursuant to Code section 257.3, from the current level of
16 10 \$5.40 to \$8.86 per \$1,000 of assessed valuation on all taxable
16 11 property in a school district. The bill changes provisions
16 12 reducing the level of the foundation property tax for
16 13 specified school districts undergoing a reorganization or
16 14 dissolution, such that instead of specifying a reduced tax
16 15 rate, the dollar amount of the reduction is provided.
16 16 Specifically, the amount of the reduction shall be \$1 per
16 17 \$1,000 of assessed valuation for the initial budget year in
16 18 which the reorganization or dissolution takes place, 50 cents
16 19 per \$1,000 of assessed valuation for the first succeeding
16 20 year, and 25 cents per \$1,000 of assessed valuation for the
16 21 second succeeding year. The bill also provides for an
16 22 increase in the regular program foundation base and the
16 23 special education support services foundation base under the
16 24 state school foundation program from the current levels of
16 25 87.5 percent and 79 percent, respectively, to 100 percent.
16 26 The foundation base is the specified percentage of the state
16 27 cost per pupil calculation which is paid as state aid to
16 28 school districts above the foundation property tax. These
16 29 provisions of the bill apply to school budget years beginning
16 30 on or after July 1, 2006. The bill makes conforming changes
16 31 to provisions of the family farm tax credit and the
16 32 agricultural land tax credit contained in Code chapters 425A
16 33 and 426 relating to the increase in the level of the
16 34 foundation property tax. These conforming changes take effect
16 35 January 1, 2008, for taxes due and payable in fiscal years
17 1 beginning on or after July 1, 2008.
17 2 The bill additionally provides that if the property tax
17 3 revenues for a school district applicable for the budget year
17 4 beginning July 1, 2006, exceed those which would have been
17 5 generated pursuant to the provisions in effect for the budget
17 6 year beginning July 1, 2005, as calculated by the department
17 7 of management, then the department of management shall reduce
17 8 revenues generated in the district by that difference and the
17 9 department of education shall pay an amount to the district in
17 10 the form of property tax adjustment aid equal to the
17 11 difference. Further, the bill provides for a 10 cent credit
17 12 per \$1,000 of assessed valuation against the foundation
17 13 property tax levy rate. These provisions of the bill apply to
17 14 school budget years beginning on or after July 1, 2006.
17 15 The bill provides for the abolition of county compensation
17 16 boards and transfers to the board of supervisors the duty of
17 17 setting the compensation schedule for elective county
17 18 officials.
17 19 The bill requires more detail relating to comparisons of
17 20 valuations, property tax amounts, and expenditure amounts to
17 21 be included in county and city budgets. The division also
17 22 requires that a county and city budget include a comparison of
17 23 the actual taxes levied in the preceding year and the amount
17 24 of taxes to be levied in the proposed budget for one
17 25 representative property from each class of property. These
17 26 provisions of the bill apply to fiscal years beginning on or
17 27 after July 1, 2008.
17 28 The bill changes the number of signatures necessary to
17 29 protest an adopted county budget in some counties. Current
17 30 law provides that the number of signatures shall not be less
17 31 than 100. The bill retains that amount for counties with a
17 32 population of 25,000 or more. For counties with a population
17 33 under 25,000, the number of signatures necessary shall not be
17 34 less than 50.
17 35 The bill allows a city to levy its debt service levy to pay
18 1 urban renewal debt issued before July 1, 2006, but only to the
18 2 extent necessary to make up for any shortfall in revenues due
18 3 to the increase in the regular program foundation base for
18 4 school funding. This provision applies to fiscal years
18 5 beginning on or after July 1, 2006. The provision is repealed
18 6 effective January 1, 2026.
18 7 Current law provides that the physical plant and equipment
18 8 property tax levy is exempt from collection as incremental
18 9 taxes in an urban renewal area. An exception is made if the
18 10 levy is needed to pay urban renewal bonds issued prior to July
18 11 1, 2001. However, if subsequent indebtedness is incurred to
18 12 refund bonds issued prior to July 1, 2001, that indebtedness
18 13 cannot be paid with the physical plant and equipment levy.

18 14 The bill strikes the prohibitive language relating to
18 15 refunding bonds.
18 16 The bill provides that the school foundation property tax
18 17 levy shall not be collected as incremental taxes for urban
18 18 renewal purposes for urban renewal plans adopted on or after
18 19 the effective date of the bill. The bill further provides
18 20 that the school foundation levy may be collected as
18 21 incremental taxes for urban renewal purposes for urban renewal
18 22 plans adopted before the effective date of the bill, but only
18 23 to the extent necessary to pay urban renewal obligations
18 24 issued or incurred on or before January 1, 2007.
18 25 The bill amends Code section 441.21 to eliminate the 4
18 26 percent assessment limitation for residential property and
18 27 agricultural property. The bill further provides that the
18 28 percentage of actual value at which residential property may
18 29 be assessed shall be 45.996 percent beginning with assessment
18 30 years beginning on or after January 1, 2006.
18 31 The bill creates an implementation task force to study the
18 32 effects of implementation of the bill. The task force is to
18 33 report to the general assembly by January 15, 2007, and by
18 34 January 15, 2008. The report is to contain information
18 35 relating to fiscal analyses developed by the task force and
19 1 recommendations pertaining to implementation of the bill.
19 2 LSB 6585SK 81
19 3 sc:rj/gg/14